

Message Text

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54

ACTION EB-11

INFO OCT-01 EUR-25 IO-14 ISO-00 OMB-01 TAR-02 SP-03 SWF-02

AGR-20 AID-20 CIAE-00 COME-00 INR-10 LAB-06 NSAE-00

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E.O. 11642: N/A

TAGS: ETRD, AGRC

SUBJECT: INTENSIVE INTERGOVERNMENTAL CONSULTATIONS ON
COTTON

1. INTENSIVE INTERGOVERNMENTAL CONSULTATIONS ON COTTON
PURSUANT TO UNCTAD RESOLUTION 83 (III) AND COMMITTEE
ON COMMODITIES RESOLUTION 7 (VII) UNDERTAKEN IN CON-
JUNCTION WITH 33RD PLENARY MEETING OF INTERNATIONAL
COTTON ADVISORY COMMITTEE (ICAC) CONCLUDED TODAY.

2. DOCUMENTATION PREPARED BY UNCTAD FOR CONSULTATIONS
WHEN RECEIVED ON DAY BEFORE FIRST SESSION BOTH CRITICAL
OF US COTTON AND COTTON TEXTILE PROGRAMS AND OF MULTI-
FIBER TEXTILE ARRANGEMENT AND DIRECTED IN LARGE PART
TO ISSUES PROPERLY A SUBJECT FOR DISCUSSION IN FORTH-
COMING MTN. DISCUSSION NEVERTHELESS FOCUSED GENERALLY
ON MARKET ACCESS AND PRICING POLICY ISSUES AS CALLED
FOR BY AGENDA. DISCUSSION OF TEXTILES DESPITE OPPO-
SITION SEVERAL DELEGATIONS WAS BLOCKED.

3. WITH RESPECT TO MARKET ACCESS AND PRICING POLICY
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FOR RAW COTTON THE CONSULTATIONS MUST BE CONSIDERED

TO HAVE BEEN USEFUL. A NUMBER OF PROBLEMS AND MIS-
CONCEPTIONS IMPEDING TRADE IN COTTON SEEM TO HAVE BEEN
CLARIFIED, PARTICULARLY WITH RESPECT TO BINDING
CHARACTER OF FORWARD CONTRACTS. PRINCIPAL CONCLUSIONS
OF CONSULTATIONS ARE:

A. THERE ARE PRESENTLY NO SIGNIFICANT TARIFF OR
NON-TARIFF BARRIERS TO TRADE IN COTTON,

B. A STUDY WOULD BE USEFUL OF POSSIBLE MEANS
WHICH MIGHT BE ADOPTED TO STABILIZE COTTON PRICES, IN-
ASMUCH AS DRAMATIC PRICE FLUCTUATIONS SUCH AS HAVE
BEEN SEEN IN THE PAST YEAR ARE NOT HELPFUL,

C. AS A FIRST STEP, UNCTAD IN CONSULTATION WITH
ICAC WILL QUOTE MAKE AN ANALYSIS OF THE EXPERIENCE AND
OPERATION OF STABILIZATION SCHEMES FOR OTHER COMMODI-
TIES UNQUOTE, THE PURPOSE OF WHICH WOULD BE TO ASSESS
THE RELEVANCE OF THIS EXPERIENCE FOR COTTON FOR FURTHER
STUDY BY ICAC AND CONSIDERATION BY GOVERNMENTS.

4. USDEL SOUGHT BLOCK STUDY OR MAKE IT RESPONSIBILITY
OF ICAC SECRETARIAT ALONE. HOWEVER LDC SUPPORT FOR
SOME UNCTAD PARTICIPATION QUITE STRONG AND REINFORCED
BY FRENCH DELEGATION WHICH EXPLAINED POSITION IN-
TENDED HEAD OFF LDC CRITICISM THAT ICAC COMPLETELY UN-
RESPONSIVE TO DEVELOPMENT NEEDS. OTHER EC AND
JAPANESE DELEGATIONS TENDED AGREE WITH FRENCH.

5. REPORT ON CONSULTATIONS TO BE SUBMITTED TO ICAC
MEMBER GOVERNMENTS AND UNCTAD COMMITTEE ON COMMODITIES.

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